

Service Specification	
Service Title:	<b>FINANCIAL MANAGEMENT SERVICES – VENDOR FISCAL/EMPLOYER AGENT</b> (Operating under Title 26, §3504 of the IRS Code and Revenue Procedure 70-6, 1970-1 C.B. 420 and as modified by IRS Proposed Notice 2003-70): <b>COMMUNITY LIVING BUDGET CATEGORY</b>
Service Definition (Scope):	
<p>The FMS provider will operate as an Internal Revenue Service (IRS) authorized Vendor Fiscal/Employer Agent (F/EA) for participants for the purpose of processing and paying payroll and associated federal and state income tax withholding and employment taxes for workers hired directly by participants or their representatives, as appropriate. The FMS provider also will process and pay participant-approved invoices for goods and services authorized in the IPP and funded through the individual budget. The FMS provider may also furnish additional assistance, as specified by the participant and provided for in the IPP, to aid the participant in managing his/her own services.</p> <p>This service definition applies to FMS providers who are authorized by the IRS as Vendor F/EAs. The Vendor F/EA performs the following functions as the employer agent to the participant, who is the common law employer, or his or her legal representative in accordance with Title 26, U.S. Code, §3504 of the Internal Revenue Code and Revenue Procedure 70-6, 1970-1 C.B. 420 and as modified by IRS Proposed Notice 2003-70:</p> <ol style="list-style-type: none"> <li>1. Develop a Vendor F/EA Policies and Procedures Manual that includes policies, procedures and internal controls for all Vendor F/EA tasks. This Manual should be updated as needed and at least every 12 months.</li> <li>2. Develop a system and written policies, procedures and internal controls for staying up-to-date with federal, state and local tax, labor, worker's compensation insurance and Medicaid program rules, policies and procedures.</li> <li>3. Develop and implement an effective customer service system for participants and representatives including, as needed, the ability to: <ol style="list-style-type: none"> <li>a. Communicate in languages other than English, including American Sign Language and using a Telecommunication Device for the Deaf (TTY) line and/or state relay system.</li> <li>b. Produce and distribute information and forms in alternate print format.</li> <li>c. Receive, respond to/resolve and track the receipt of calls and grievances from participants and their representatives and service providers, including the reporting of critical financial/fraud incidences to the regional center as a mandatory reporter.</li> <li>d. Provide services in accordance with the philosophy of self-direction.</li> </ol> </li> <li>4. Obtain and use a separate Federal Employer Identification Number (FEIN), used only to file the IRS Forms 2678, <i>Agent/Payer Authorization</i> and 8821, <i>Tax Information Authorization</i> and selected federal tax forms, and deposit federal income tax withholding and employment taxes on the participant's behalf.</li> <li>5. Execute an IRS Form 2678, <i>Agent/Payer Authorization</i>, and receive written IRS employer agent authorization for each participant or representative it represents as employer agent.</li> <li>6. Execute and IRS Form 8821, <i>Tax Information Authorization</i> with each participant or representative it represents as agent.</li> <li>7. Execute a State income tax and/or unemployment insurance tax Power of Attorney, as required by state taxation agencies.</li> <li>8. As defined in the contract between the vendored F/EA and the vendoring regional center, execute provider agreements on behalf of the State Medicaid Agency and maintain documentation in the FMS files</li> <li>9. Develop a system for receiving, disbursing and tracking participants' IB funds.</li> <li>10. Establish a system for developing and maintaining Vendor F/EA, participant, service worker and vendor</li> </ol>	

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records and files (both current and archived) that is secure and Health Insurance Portability and Accountability Act (HIPPA) compliant.

11. Develop a Disaster Recovery Plan for restoring software and master files and hardware backup if management systems are disabled. The Disaster Recovery Plan shall be tested and procedures practiced at least annually.
12. Develop a service agreement between the participant or representative, as appropriate, and the Vendor F/EA. The enrollment tasks shall include, but not be limited to: preparing and distributing participant enrollment packets (that include information about the Vendor F/EA's organization and services and the role and responsibilities of the Vendor F/EA and the participant/representative); providing all required federal and state tax forms; providing any required agreements to be completed and signed by the participant/employer; and assisting the participant/representative with completion and submission of the required forms and agreements; and providing the participant/representative with orientation and training on the use of Vendor F/EA services and the role of employer.
13. Timely and accurately, perform payroll and benefits administration tasks, as applicable. This includes, but is not limited to, the timely collection and processing of service workers' time sheets and the preparation, the distribution of service workers' payroll, and the management of federal, state and local income tax withholding and employment taxes. When the participant employs a service worker, the Vendor F/EA provider prepares and distributes a service worker employment packet to the participant or his/her representative, assists them in understanding the information and forms contained in the packet and the process for completing and submitting the required federal (IRS Form W-4, US CIS Form I-9) and state (State Form W-4, state new hire form), and local employment forms. The Vendor F/EA then calculates, withholds, files and deposits all required federal, state, and local income tax withholding and employment taxes, and processes any garnishments, liens or levies on the service workers' pay prior to issuing service workers' paychecks. The Vendor F/EA issues service workers' paychecks in accordance with state Department of Labor requirements and offers service workers the option of direct deposit.
14. Process and distribute IRS Forms W-2 (and Forms W-3, if Forms W-2 are not electronically filed) for all participants' service workers.
15. Process and refund to the vendoring regional center, the employer and employee portions of over-collected Medicare and Social Security taxes Federal Insurance Contributions Act (FICA) annually in accordance with the December 18, 2000 IRS Letter.
16. Process and pay vendors for invoices for approved goods and services as authorized and included in the participant's IB and IPP.
17. Process and pay service providers who are legitimate sole proprietor independent contractors.
18. Process and disburse IRS Form 1099 *Miscellaneous* to independent contractors who earn more than \$600 in a calendar year for the provision of services to a participant.
19. Assist the participant to understand his/her role and responsibilities related to being an employer and using FMS.
20. Revoke federal and state employer agent and tax information authorizations and powers of attorney, and retire federal and state tax employer identification and account numbers when a participant/representative is no longer receiving services and is not a permanent employer.
21. Perform the required federal and state tasks and execute the required revocations and forms when a participant/representative switches Vendor F/EA for any reason.
22. Submit any unclaimed funds for all entities (support service workers and vendors) to the State Treasury Department in accordance with the *California Unclaimed Property Act*.
23. Process wage information requests from federal and state agencies and other qualified entities.
24. Provide and receive information from the regional center electronically, as required.
25. Process policy applications and pay workers' compensation insurance premiums for participants and representatives from their individual budgets.
26. Prepare a report at least monthly for the participant/representative, his/her SB and the regional center,

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<p>that details payments made on behalf of the participant and shows the status of the participant's IB, including payments made by the FMS provider and the regional center in an electronic and (where requested by the participant) in a paper format, as specified by the DDS.</p> <p>27. Identify expenditures that are over or under budget and communicate this information to the regional center in a format and based on a time schedule specified by the regional center.</p> <p>28. Ensure service providers employed by the participant meet applicable employment requirements and submit to criminal history record (background) clearances as required/requested by the participant.</p> <p>29. Assist the participant with all claims related to workers' compensation and state unemployment insurance.</p> <p>30. Report incidents of financial abuse, fraud, exploitation or other incidents affecting the participant and the fiscal accountability of the service program that comes to the Vendor F/EA's attention.</p> <p>31. Submit claims electronically to the regional center for participants' payroll and invoice payment expenses according to specifications and within the time frames specified by the vendoring regional center.</p> <p>32. Submit claims to the regional center for payment to the FMS for services rendered.</p> <p>33. Accept payment from the regional center electronically.</p> <p>34. Develop a system and provide ongoing training to Vendor F/EA staff that covers federal, state and local taxes; labor and workers' compensation insurance; service program laws, policies, procedures, forms and policy changes; updates on emerging technologies and promising practices; and other information as needed.</p>							
Specify applicable (if any) limits on the amount, frequency, or duration of this service:							
The individual prospective budget amount must be sufficient to accommodate the amount of the service.							
<b>Provider Specifications</b>							
Provider Category(s) (check one or both):	<input type="checkbox"/>	Individual. List types:	<input checked="" type="checkbox"/>	Agency. List the types of agencies:			
				Vendor Fiscal/Employer Agent			
Specify whether the service may be provided by (check each that applies):	<input type="checkbox"/>	Legally Responsible Person	<input type="checkbox"/>	Relative	<input type="checkbox"/>	Legal Guardian	
<b>Provider Qualifications</b> (provide the following information for each type of provider):							
Provider Type:	License (specify)		Certificate (specify)		Other Standard (specify)		
Vendor Fiscal/Employer Agent	Providers must possess all valid licenses or certifications required by State or local law				<p>Services are provided by individuals who have the skills and abilities necessary to meet the unique needs and preferences of the participant as specified in the participant's IPP.</p> <p>Certified by DDS and vendored by the regional center in accordance with Title 17, CCR, §§54310 and 54326. As a condition of certification, an individual or the executive director of the entity or other person serving in like capacity shall have and maintain a criminal history background clearance.</p> <p>Services shall be performed by a Vendor F/EA provider who is authorized by the IRS, free of any conflict of interest, and not an</p>		

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		<p>employee or board member of the regional center or of another service provider providing services to the same participant, or otherwise employed by the participant. The provider shall not be an employee or board member of the State Council on Developmental Disabilities regional office, or Protection and Advocacy, Inc., if the participant is receiving services from these entities.</p> <p>As a condition of regional center vendorization, an FMS must engage in ongoing training that includes an update of emerging technologies, resources, policy changes, and other information as needed.</p> <p>The FMS shall function as an IRS-authorized Vendor F/EA under §3504 of the IRS Code and Revenue Procedure 70-6 and as modified by IRS Proposed Notice 2003-70.</p> <p>The Vendor F/EA shall obtain a separate FEIN (in addition to the organization's corporate FEIN) for the sole purpose of filing certain federal tax forms and depositing Federal income tax withholding and employment (FICA and Federal Unemployment Tax Act (FUTA)) taxes for the participants and representatives it represents as employer agent.</p> <p>The Vendor F/EA shall apply for and receive authorization from the IRS to act as an employer agent for each participant or representative it represents as employer agent using the IRS Form 2678, <i>Agent/Payer Authorization</i>. The Vendor F/EA shall revoke its employer agent authorization in accordance with IRS Form 2678 instructions when it stops representing a participant or representative for any reason, permanently.</p> <p>The Vendor F/EA shall execute an IRS Form 8821, <i>Tax Information Authorization</i> with each participant and representative it represents as employer agent. The Vendor F/EA shall renew the IRS Form 8821 as required and permanently revoke the IRS Form 8821 authorization when it no longer represents a participant/representative, in accordance with IRS Form 8821 instructions.</p> <p>The Vendor F/EA shall execute the required state powers of attorney and revoke them as required by state taxation agencies and per their instructions.</p>
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			<p>The Vendor F/EA and must maintain liability insurance, fiduciary bond and/or a performance bond in a reasonable amount as determined by the regional center.</p> <p>The Vendor F/EA shall submit all reports and a monthly updated list of qualified providers electronically to the appropriate regional center.</p> <p>Vendor F/EA staff shall demonstrate to DDS through the certification process an understanding of Vendor F/EA tasks and related federal, state and local service program, tax, labor and worker's compensation insurance rules, policies, procedures and forms as described in the Service Definition (Scope) above and be able to perform the tasks in accordance with federal, state and local rules and regulations.</p>	
<b>Verification of Provider Qualifications</b>				
Provider Type:		Entity Responsible for Verification:		Frequency of Verification
All		Vendoring regional center		Every 12 months.
<b>Service Delivery Method</b>				
<b>Service Delivery Method</b> (check each that applies):	<input checked="" type="checkbox"/>	Participant-directed as specified in Appendix E	<input type="checkbox"/>	Provider managed

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Service Specification	
Service Title:	<b>FINANCIAL MANAGEMENT SERVICES – AGENCY-WITH-CHOICE : COMMUNITY LIVING BUDGET CATEGORY</b>
Service Definition (Scope):	
<p>The financial management service (FMS) Agency-with-Choice provider will operate as co-employer with SDS waiver participant and/or his/her representative (participant) for the purpose of ensuring that the necessary employer-related duties and tasks, including payroll are carried out as described below. The Agency-with-Choice shall be certified by the Department of Developmental Services.</p> <p>This service definition applies to all certified FMS Agency-with-Choice providers. Requirements include:</p> <ol style="list-style-type: none"> <li>1. Being employers of record for workers employed by the agency including those who are recruited, referred and managed by participants.</li> <li>2. Providing the co-employment services in which the participant has the right to: <ol style="list-style-type: none"> <li>a. Recruit and refer prospective workers to the Agency-with-Choice for hire and assignment back to the participant.</li> <li>b. Orient and train workers.</li> <li>c. Determine workers' terms and conditions of work and work schedules.</li> <li>d. Supervise workers' day-to-day activities.</li> <li>e. Evaluate workers' performance.</li> <li>f. Discharge workers as necessary from their work sites (homes).</li> <li>g. Request that the Agency-with-Choice refer workers for consideration and assignment to the participant.</li> </ol> </li> <li>3. When a participant chooses not to perform the function(s), providing the following co-employment services: <ol style="list-style-type: none"> <li>a. Recruit and hire workers.</li> <li>b. Set terms and conditions of work.</li> <li>c. Supervise their day-to day activities.</li> <li>d. Evaluate workers' performance.</li> <li>e. Discharge workers.</li> </ol> <p>The FMS Agency-with-Choice also may refer workers as requested by the participant for consideration for assignment to the participant.</p> </li> <li>4. Developing a system to enroll and disenroll a participant with the FMS Agency-with-Choice.</li> <li>5. Ensuring that service workers referred by the participant to the agency for hire or referred to the participant by the agency for consideration for assignment to the participant meet applicable employment requirements established for the service. Processing criminal background clearances and obtaining clearances on prospective employees as required or requested.</li> <li>6. Implementing and maintaining a worker registry to assist participants, when requested, to access candidates for employment and/or backup workers.</li> <li>7. Developing and implementing an effective customer service system for participants including the ability to: (1) communicate in languages other than English and including American Sign Language and using a TTY line and/or state relay system, (2) produce and distribute information and forms in alternate print, (3) receive, respond to/resolve and track the receipt of calls and grievances from participants and their representatives and service providers, including the reporting of incidents to the Regional Center as a mandatory reporter, and (4) provide services in accordance with the philosophy of self-direction.</li> <li>8. Establishing a system for developing and maintaining Agency-with-Choice, participant, service worker, and vendor records and files (both current and archived) that is secure and HIPPA compliant.</li> <li>9. Developing a Disaster Recovery Plan for restoring software and master files and hardware backup if management systems are disabled. The Disaster Recovery Plan shall be tested and procedures practiced at least annually.</li> </ol>	

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10. Performing accurate and timely payroll services, providing workers compensation insurance and other benefits administration for workers, as applicable.
11. Using generally accepted accounting practices for record keeping.
12. Providing skills training to participants as requested regarding recruiting, training, managing and discharging employees.
13. Developing a FMS Agency-with-Choice Policies and Procedure Manual that includes policies, procedures and internal controls for all FMS Agency-with-Choice tasks. This Manual shall be updated as needed and at least every 12 months.
14. Providing standard and individualized training to workers and including the participant as defined in the Service Design submitted to the Regional Center as a part of the approved vendorization application.
15. Developing a system and written policies and procedures and internal controls for staying up-to-date with waiver program rules, policies, and procedures.
16. Developing and implementing a quality assurance program to ensure continuous quality improvement including measurements of participant satisfaction.
17. Reporting special incidents as required by Title 17, CCR, §54327.
18. Providing information to and receiving information from the Regional Center electronically, as required.
19. Demonstrating the ability to submit claims to the Regional Center for payment to the FMS for services rendered.
20. Demonstrating the ability to accept payment from the Regional Center electronically.

Specify applicable (if any) limits on the amount, frequency, or duration of this service:

The individual prospective budget amount must be sufficient to accommodate the amount of the service.

#### Provider Specifications

Provider Category(s) (check one or both):	<input type="checkbox"/>	Individual. List types:	<input checked="" type="checkbox"/>	Agency. List the types of agencies:		
			FMS Agency-with-Choice			
Specify whether the service may be provided by (check each that applies):	<input type="checkbox"/>	Legally Responsible Person	<input type="checkbox"/>	Relative	<input type="checkbox"/>	Legal Guardian

#### Provider Qualifications (provide the following information for each type of provider):

Provider Type:	License (specify)	Certificate (specify)	Other Standard (specify)
FMS Agency with Choice	Providers must possess any valid license or certification required by State or local law	Certificate to do business in the State of California	<p>Certified by DDS and vendored by the Regional Center in accordance with Title 17, CCR, §§54310 and 54326. As a condition of certification, the executive director of the entity or other person serving in like capacity shall have and maintain a criminal history background clearance.</p> <p>Services shall be performed by an FMS Agency-with-Choice provider who is free of any conflict of interest and not an employee of DDS, or an employee or board member of the Regional Center or of another service provider providing services to the same participant, or otherwise employed by the participant. The</p>

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			<p>provider shall not be an employee or board member of the State Council on Developmental Disabilities regional office, or Protection and Advocacy, Inc. if the participant is receiving services from these entities.</p> <p>As a condition of regional center vendorization, an FMS must engage in ongoing training that includes an update of emerging technologies, resources, policy changes, and other information as needed.</p> <p>The FMS Agency-with-Choice must demonstrate and show proof of financial viability.</p> <p>The FMS Agency-with-Choice must maintain liability insurance, a fiduciary bond and/or a performance bond in a reasonable amount as determined by the Regional Center.</p> <p>The FMS Agency-with-Choice shall prepare and submit all required reports electronically to the vendoring regional center. The Agency-with-Choice shall also provide a monthly utilization summary report to the participant and Supports Broker electronically or in hard copy if requested.</p> <p>FMS Agency-with-Choice staff shall be trained in and demonstrate an understanding of FMS Agency-with-Choice tasks as described in the service definition including the philosophy of self direction in accordance with program rules.</p>
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#### Verification of Provider Qualifications

Provider Type:	Entity Responsible for Verification:	Frequency of Verification
All	Vendoring Regional Center	Every 12 months.

#### Service Delivery Method

Service Delivery Method (check each that applies):	<input checked="" type="checkbox"/>	Participant-directed as specified in Appendix E	<input type="checkbox"/>	Provider managed
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